

## Message Text

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ACTION COME-00

INFO OCT-01 EUR-25 ADP-00 EB-11 L-03 CIAE-00 INR-10

NSAE-00 RSC-01 RSR-01 /052 W

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R 231551 Z MAY 73

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 1410

UNCLAS SECTION 01 OF 02 LONDON 06052

PASS OFFICE OF INTERNATIONAL ACTIVITIES, MARAD

E. O. 11652: N/A

TAGS: ETRN UK

SUBJECT: LLOYDS REGISTER OF SHIPPING

REF: LONDON 3504

1. REPRESENTATIVES OF LLOYDS REGISTER OF SHIPPING ( LRS)  
( A MERCHANT VESSEL CLASSIFICATION SOCIETY) HAVE  
APPROACHED EMBOFFS PERIODICALLY OVER THE PAST YEAR TO  
DISCUSS OPPORTUNITIES FOR LRS TO PERFORM CLASSIFICATION  
WORK IN THE U. S. FOR SHIP OWNERS WHO ARE BUILDING SHIPS  
IN THE U. S. UNDER MARAD CONSTRUCTION SUBSIDY CONTRACT OR  
WITH MORTGAGE GUARANTEE INSURANCE. LRS ADVISES US THAT  
ALTHOUGH THEY HAVE A US SUBSIDIARY WHICH IS QUALIFIED  
AND DESIROUS OF GETTING THIS WORK, THEY HAVE BEEN TOLD BY  
MARAD THAT AMERICAN BUREAU OF SHIPPING ( ABS), A US  
CLASSIFICATION SOCIETY, HAS THE EXCLUSIVE RIGHT BY US  
LEGISLATION TO CARRY OUT THIS WORK. IN FEBRUARY, MARAD  
REPRESENTATIVE AT EMBASSY WAS ADVISED BY MARAD THAT THE  
SUBJECT OF LRS PARTICIPATION IN MARAD PROGRAMS WAS UNDER  
STUDY. LAST WEEK AN LRS REPRESENTATIVE ASKED US THE  
STATUS OF THIS STUDY.

2. ABS IS AN INTERNATIONAL SOCIETY WHICH HAS WORLDWIDE  
REPRESENTATIVES IN MAJOR SHIPYARDS AND PORTS. THEY HAVE  
THEIR EUROPEAN HEADQUARTERS IN LONDON AND ARE THE  
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CLASSIFICATION SOCIETY FOR A NUMBER OF UK OWNERS, INCLUDING THOSE WHO HAVE BUILT SHIPS UNDER HMG VESSEL CONSTRUCTION GRANT PROGRAMS. THEY OPERATE FREELY IN THE UK IN COMPETITION WITH LRS AND ARE AT THIS TIME SEEKING APPOINTMENT FROM THE DEPARTMENT OF TRADE AND INDUSTRY (DTI) AS A CERTIFYING AUTHORITY FOR VESSELS AND EQUIPMENT USED IN THE NORTH SEA DRILLING INDUSTRY. DTI HAS APPLICATIONS UNDER CONSIDERATION FROM LRS, ABS AND FROM GERMAN, NORWEGIAN AND FRENCH SOCIETIES. IT APPEARS THAT DTI IS JUDGING ALL APPLICANTS ON BASIS OF ABILITY AND WILL, IN TIME, CERTIFY SEVERAL SOCIETIES INCLUDING ABS.

3. ON MARCH 6, EMBOFFS MET WITH ROBERT T. YOUNG, CHAIRMAN AND PRESIDENT OF ABS AND L. BATES, ABS PRINCIPAL EUROPEAN SURVEYOR, TO DISCUSS ABS OPERATIONS IN THE UK IN COMPETITION WITH LRS AND ABS POSITION VIS- A- VIS THE LRS EFFORTS TO EXPAND THEIR BUSINESS IN USA. YOUNG ADVISES THAT ABS CAN COMPETE EFFECTIVELY WITH LRS IN THE US FOR MARAD- SUPPORTED PROGRAMS WITHOUT THE PROTECTION OF THE EXCLUSIVE ROLE MARAD INTERPRETS AS REQUIRED BY SECTION 25, MERCHANT MARINE ACT OF 1920 (46 USC 881). ABS IS ANXIOUS TO CONTINUE ITS INTERNATIONAL GROWTH, AND PARTICULARLY IN THE OFFSHORE OIL FIELD. AT PRESENT, YOUNG DOES NOT EXPECT ANY RESTRAINT ON ABS GROWTH IN UK CAUSED BY ANY HMG REGULATIONS FAVORING LRS.

4. AS REPORTED REFTTEL, EMBASSY IS ANXIOUS TO IDENTIFY AND COUNTER ANY RESTRAINT ON US INDUSTRY PARTICIPATION IN NORTH SEA EXPLOITATION. WHILE WE HAVE NO CURRENT

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INFO OCT-01 EUR-25 ADP-00 EB-11 L-03 CIAE-00 INR-10

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FM AMEMBASSY LONDON  
TO SECSTATE WASHDC 1411

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BASIS TO BELIEVE THAT DTI MAY RESTRICT ABS PARTICIPATION IN NORTH SEA BECAUSE OF USG RESTRAINTS ON LRS IN THE US, WE ARE AWARE OF POSSIBILITY OF SUCH DEVELOPMENT, ESPECIALLY IF LRS BEGINS CAMPAIGN AGAINST USG RESTRICTIONS IN U. S. SO FAR, LRS REPRESENTATIVES HAVE ONLY RAISED THE POINT THAT HMG DOES NOT DISCRIMINATE AGAINST US CLASSIFICATION SOCIETIES IN THE UK WHEN THEY HAVE QUESTIONED US MARAD RESTRAINT ON LRS OPERATIONS IN THE U. S.

5. ACTION REQUESTED: IN VIEW OF THE DESIRABILITY TO PRECLUDE ANY BASIS FOR DISCRIMINATION AGAINST US COMPANIES IN THE NORTH SEA OFFSHORE EXPLORATION BY HMG AND THE FACT THAT ABS REPRESENTATIVES HERE CLEARLY STATE THAT ABS DOES NOT NEED THE PROTECTION NOW AFFORDED BY MARAD, SUGGEST THAT DEPARTMENT MAY WISH TO CONFER WITH MARAD TO DETERMINE ADVISABILITY OF RETAINING PRESENT PREFERENTIAL CONTRACT POSITION FOR ABS. IN ANY EVENT, EMBASSY RECOMMENDS FAVORABLE CONSIDERATION OF PERMITTING LRS TO COMPETE UNDER SECTION 25 OF MERCHANT MARINE ACT OF 1920 IN VIEW OF RECIPROCITY ALREADY AVAILABLE TO ABS ON BRITISH GOVERNMENT SUBSIDIZED SHIPS.

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